

**Representative
Cary Condotta**

P.O. Box 40600
Olympia, WA 98504-0600

2012 Legislative Review

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**State Representative
Cary Condotta**

12th Legislative District

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Committees:

- Labor and Workforce Development
Ranking Republican
- Business and Financial Services
- State Government and Tribal Affairs

Dear Friends and Neighbors,

The Legislature adjourned April 11, 2012, after a marathon 24-hour finish and agreement on operating and capital budgets as well as a series of reform bills. It has been many years and sessions since bipartisanship played a role in the budgets and key pieces of legislation.

Late in the legislative session, a philosophical, bipartisan majority in the Senate came together and broke the one-party control that had gridlocked the Capitol. This "new" majority allowed some difficult and healthy debate, but the most critical point is that it allowed both parties to be at the negotiating table.

The result was bipartisan support for the budgets and important reforms. It was one of the best sessions we have had in many years. There were many positive things that came out of both sides working in a bipartisan manner. The citizens of Washington benefit when we work that way.

This session sets in motion the first of many improvements to state operations that are long overdue. There is much more to do, but it was a good start.

Sincerely,

CARY CONDOTTA

12th District Representative

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OPERATING BUDGET

There were many things to like about the supplemental operating budget. It funds education, doesn't push payments into the next biennium, and is more sustainable than we have seen in quite some time. It also has tax incentives for food processors, ports, craft distilleries and server farms tied to it. This will help spur economic expansion and job growth.

However, I voted against the budget. It leaves our budget reserves dangerously low and could lead to another shortfall

if we see the slightest downturn in our economy again. I would have also liked to see more long-term reforms.

REFORMS

FOUR-YEAR BUDGET OUTLOOK

This may be the best reform bill we passed all session. Since I have been in Olympia the most frustrating part of the budget process is the failure to look ahead and take into consideration spending policies and how they impact future budget cycles.

This reform will require the Legislature to balance operating budgets over four years before an operating budget is adopted. Lawmakers must balance a spending plan in the current two-year budget cycle – and also in the following two-year cycle. This will require legislators to consider the long-term effects of their spending decisions. Washington is the first state in the nation to adopt this budgeting practice.

STATE PENSION REFORM

Washington state's pension system is in much better shape than most, but investment returns in the system have been down with the economy, and it is likely contribution rates will increase in the future. With that, we passed a modest reform bill that applies only to workers hired after May 2013. Under the measure, employees in the Public Employees Retirement System, Teachers Retirement System or School Employees Retirement System will receive a smaller monthly benefit if they retire early. The savings amounts to about \$1.3 billion over the next 25 years. It will also help bring sustainability to the pension system.

HEALTH INSURANCE FOR EDUCATORS AND PUBLIC-SCHOOL EMPLOYEES

Health insurance costs have skyrocketed for almost everyone, particularly employees in our K-12 school system. They have seen their take home pay suffer and many feel they are being priced out of coverage.

The reform legislation we passed will require school districts to disclose expenses, reserves, fees and premium costs, and use open, transparent contracting for health insurance. All employees must contribute something to their coverage. School employees will have access to a plan similar in premium cost to one offered for state employees, and to high-deductible health plans and health savings accounts. The bill also moves us toward more equitable costs between individual and family coverage plans.

I voted for this measure because it provides transparency and more efficient health insurance benefits for our school employees, creates competition and choice, and holds the state more accountable for the \$1 billion it spends on these benefits.

COST SAVINGS FOR LOCAL GOVERNMENTS

House Bill 2834 was a measure we were able to include in the package of reforms passed on the last day of session. It may not appear to be a significant piece of legislation, but it is to local governments. It reduces reporting requirements and provides savings for our cities and counties.

IMPROVING REVENUE AND BUDGET SUSTAINABILITY

As you know the manufacturing and processing of foods is vital to our region. The construction of data centers in our area has also provided hundreds of jobs and benefitted our economy. We passed Senate Bill 6635 that included the extension of tax incentives for fruit, vegetable, dairy and seafood businesses through 2015, as well as the tax incentive for data center equipment through the same year. There are other pieces to the bill. But the main issue is that it will bring jobs and revenue into Washington. We have lost many of these businesses to other states. This should help reverse that trend.

WORK AHEAD

FUND EDUCATION FIRST

While there are many good things that came out of the session, we still need to ensure we are fully-funding education. Our caucus introduced a **Fund Education First** proposal this session. It is very simple. It would require the Legislature to pass a separate K-12 education budget before any other state appropriations.

If we fund education first, prior to any other state programs or services, it will ensure that we are meeting our duty and expectations of the state Supreme Court decision, *McCleary v. State of Washington*. The court stated we are not complying with our constitutional duty to make ample provision for the education of our children. Fund Education First legislation sends a strong message of financial commitment to our students, teachers and schools.

JOBS AND ECONOMY

Other than the budget shortfall, the 2012 session should have been used to pass economic stimulus and regulatory reform legislation to help promote private-sector job creation. Despite our best efforts to advance important job-creating bills, House Democratic majority leaders refused public hearings on nearly all of our measures.

- HB 2290 – would simplify and reduce tax rates for small businesses.
- HB 2276 – would enact major regulatory reform – including legislation I originally sponsored.
- HB 1961 – would require agencies to make permit decisions in 90 days.
- HB 1125 – would recapture our state's competitive advantage of offering abundant, affordable clean energy for manufacturers and consumers by classifying hydropower as renewable energy.

These are just a few of the proposals we introduced. We felt they would have helped create economic certainty, protect our competitive advantages, and work to improve on competitive disadvantages. The U.S. Chamber of Commerce recently released its annual 50-state review of regulations and employment laws. Unfortunately, our state ranked "poor" for labor and employment laws and regulations – the lowest rating in the report. House Republican measures would have addressed many of the factors in the report. After leading the effort in 2011 on unemployment insurance and workers' compensation reforms, it was disappointing to see our economic and employment situation receive such little attention from the majority. I am hoping this will be a top priority in future sessions.